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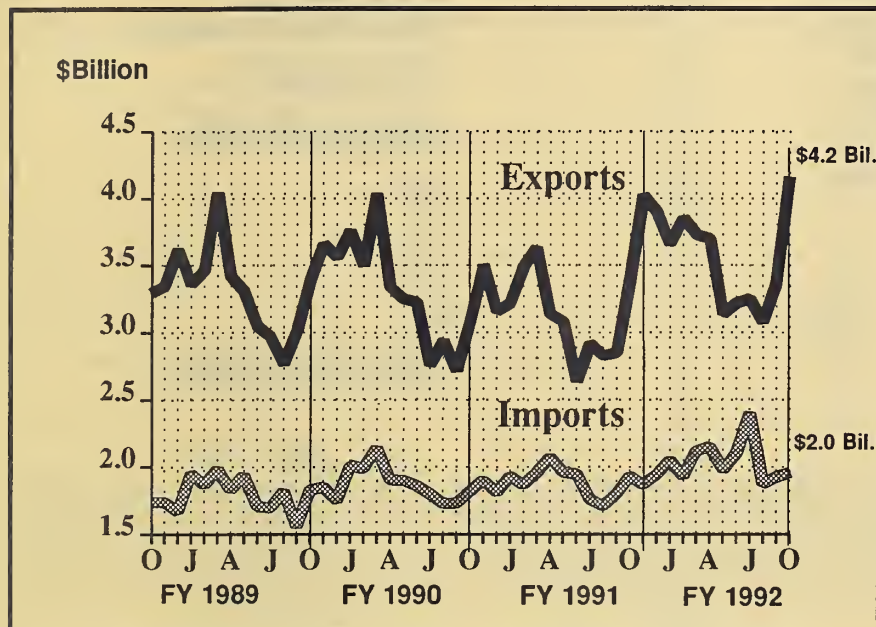
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# AGRICULTURAL TRADE HIGHLIGHTS

## October Exports Rise 23 Percent

*Broad-Based Gains Signal Strong Start to Fiscal 1993*



October trade statistics released on December 17 by the Commerce Department placed the value of U.S. agricultural exports at \$4.16 billion, the third highest export level on record and the best October performance ever. Shipments rose 23 percent from both the previous month as well as from the same month last year. While gains for the month were broad-based, sharply higher export values for wheat, soybeans and products, red meat, horticultural products, and tobacco accounted for most of the increase. At 14.2 million tons, export volume was up as well, rising 22 percent from September and 21 percent over last October.

At \$1.8 billion, U.S. exports of *bulk commodities* rose 26 percent (\$378 million) from October 1991. Much of the increase was due to higher sales of soybeans to the European Community. Other products showing gains included wheat, tobacco, and

rice which more than offset losses in corn and cotton. In a reversal of recent trends, bulk exports in October registered larger dollar gains than either intermediate or consumer-oriented high-value products. However, based on the latest USDA forecasts, this is not expected to continue as the fiscal year progresses.

At \$888 million, U.S. exports of *intermediate high-value products* were up 25 percent (\$175 million) from a year ago, with gains registered in almost all product categories. More than half of the rise can be credited to a 37-percent increase in feeds and fodders, a 44-percent rise in soybean meal and oil, and a 106-percent jump in vegetable oils other than soybean oil. Gains were also registered in animal fats, wheat flour, live animals, and hides and skins.

At \$1.4 billion, U.S. *consumer-oriented high-value* exports in October continued higher, rising 17 percent,

or \$213 million over year-ago levels. These gains build on the successes seen during the past 7 years which have logged new record highs in each successive year. Indicating the breadth of the gain, 15 of the 16 product categories increased in October. Gains were led by dairy products, red meats, tree nuts, processed fruits and vegetables, fresh vegetables, and snack foods.

Trade performance with the *top 10 U.S. agricultural markets* in October was mostly up for October, with only three countries slipping and seven advancing over year-earlier levels. Taiwan and the EC-12 increased 78 and 49 percent respectively, which accounted for the majority of the gain for the month. Double digit gains also occurred with Japan, Mexico, Hong Kong and Egypt. On the minus side, shipments to China fell 92 percent, while lower grain shipments saw sales to the republics of the former Soviet Union fall 13 percent. Exports to South Korea declined by 3 percent.

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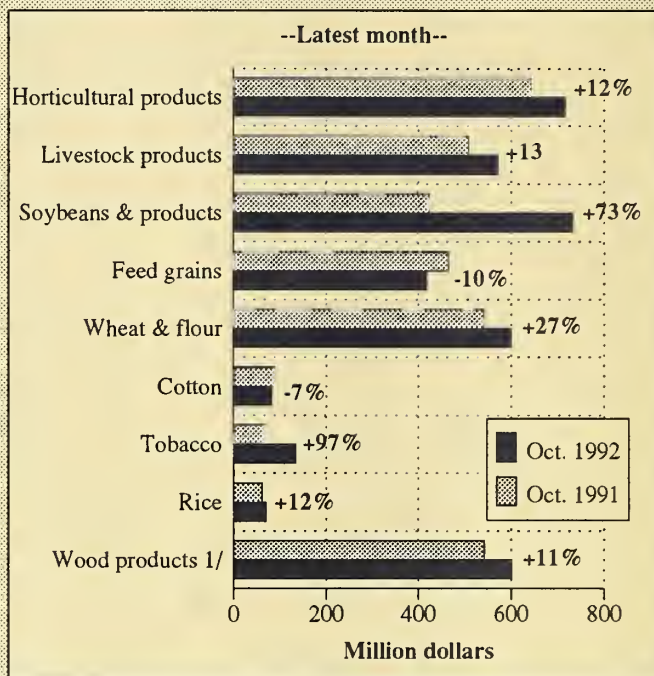
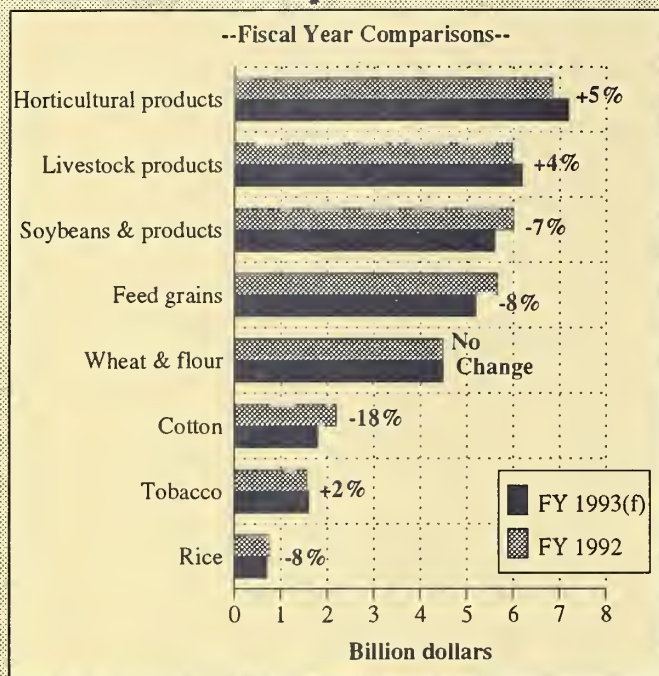
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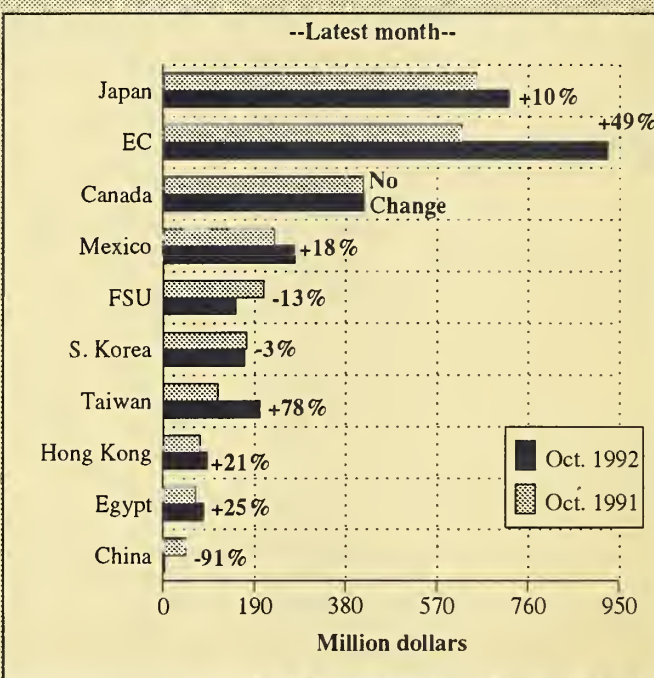
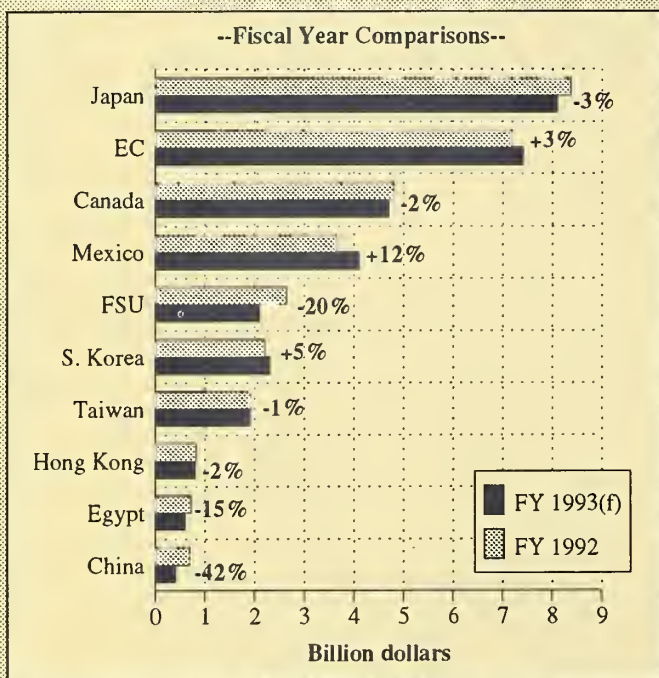
# U.S. Agricultural Export Summaries

## Fiscal Year and Latest Month Comparisons

### Product Summary



### Top Ten Markets Summary



Note: Percentages are computed as the change from a year ago.

1/ Not included in agricultural totals.



# Commodity Highlights

*October exports of agricultural products rose to \$4.2 billion, up 23 percent from both the previous month and the same month last year. Gains from last year were broad based with increases registered in nearly every product category. The most notable sales gains occurred in soybeans and products, wheat, red meats, and horticultural products.*

October exports of *wheat and wheat flour* continued the upward trend exhibited throughout most of fiscal 1992. Shipments rose a strong 27 percent on an 8 percent gain in volume over last October. The higher export prices which characterized much of fiscal 1992 continued into the first month of fiscal 1993, and are largely the result of tighter domestic supplies. Sales gains were widespread, with shipments to the former USSR rising more than \$26 million, followed by Egypt, (up \$25 million), Pakistan (\$20 million), and the Philippines (\$15 million higher). Major declines in sales occurred to China, Bangladesh, and Bolivia, down \$38 million, \$15 million, and \$9 million, respectively.

Exports of *coarse grains* in October totalled \$419 million, Down 10 percent from a year ago on volume that was virtually unchanged. Significant sales declines of corn to several markets more than offset rises to drought stricken sub-Saharan African countries, and Taiwan. Exports to the former Soviet Union, Japan, and Korea fell \$87 million, \$39 million, and \$16 million, respectively. Sales rose \$40 million to South Africa, \$25 million to Taiwan and \$15 million to Zimbabwe.

Exports of *oilseeds and products* during October were up a dramatic 64 percent to \$857 million on an 80 percent gain in volume. Sales of soybeans to the EC surged (rising \$150 million to \$313 million) with dramatic gains to every EC country. This was largely the result of low EC rapeseed production and speculative withholding of stocks from the market by EC producers in anticipation of higher prices. This gain is therefore likely to be temporary. Other notable sales gains in soybeans were to Taiwan,

Japan, and Israel, up \$43 million, \$19 million, and \$17 million, respectively. The only significant decline occurred in sales of soybeans to the former Soviet Union which were \$11 million lower than last October. Soybean oil sales more than doubled, gaining \$24 million to \$46 million on a 72 percent volume gain. Most of these gains were in sales to the former Soviet Union, Peru, and Algeria, up \$14 million, \$5 million, and \$4 million, respectively.

*Rice* exports in October gained 12 percent to \$70 million, on a 14 percent rise in volume. Sales to Turkey rose \$13 million, while more modest gains occurred in sales to Iran, Ghana, and Haiti, up \$6 million, \$5 million, and \$3 million respectively. The only notable declines occurred in sales to Cote d'Ivoire and Brazil which were down about \$7 million each in October.

Continued growth in world demand for U.S. *horticultural products* pushed exports up \$75 million in October to \$718 million, 12 percent above last year. Markets showing the largest gains were the EC (up \$23 million) and Taiwan (up \$12 million). Edible tree nut exports were \$24 million higher than last October, reaching \$170 million, followed by fresh vegetables, up \$17 million, miscellaneous fruit and vegetables, \$13 million higher, and prepared vegetables, up \$11 million. Overall, horticultural exports are benefiting from increased market access worldwide due to dismantling or lowering of trade barriers.

*Unmanufactured tobacco* exports surged to \$135 million in October, 97 percent higher than last year on a 118 percent jump in volume. Most of the

gain is attributable to a \$35 million increase to the EC, a \$23 million rise to Japan, and a \$6 million gain to Taiwan.

The recent growth in *cotton* exports stalled somewhat in October, easing \$6 million to \$84 million. However, the volume of shipments rose 6 percent from last October. Sales to Romania, Mexico, Ethiopia, and Korea rose \$10 million, \$8 million, \$7 million and \$4 million respectively, while sales to Egypt fell \$16 million, and to China \$7 million. The drop in export unit value from last year is due to increased supplies from China, the U.S. and Kazakhstan. The cotton Kazakhstan previously supplied to the former Soviet Union, is now being diverted to the international market, much of it under bartered terms.

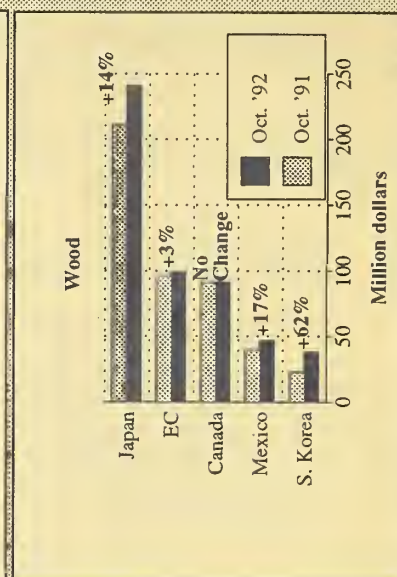
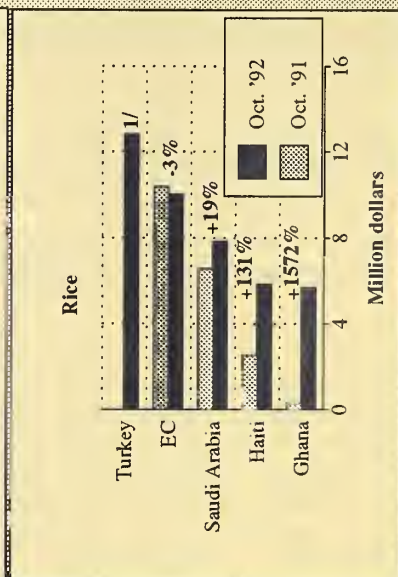
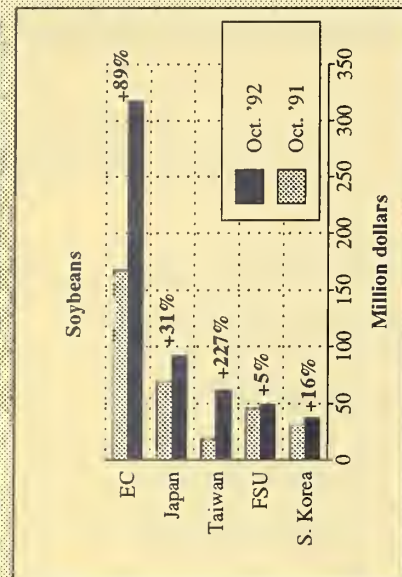
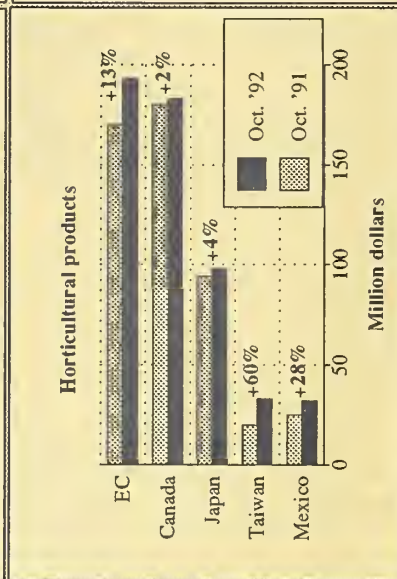
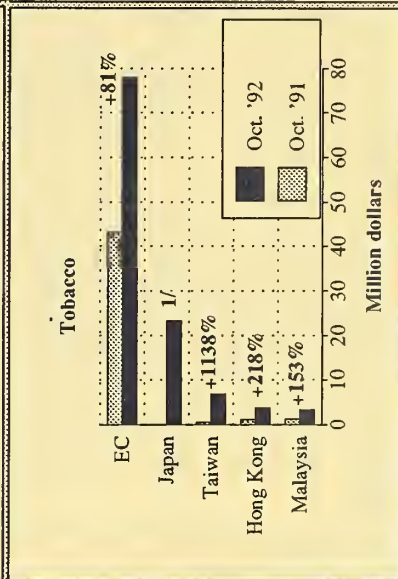
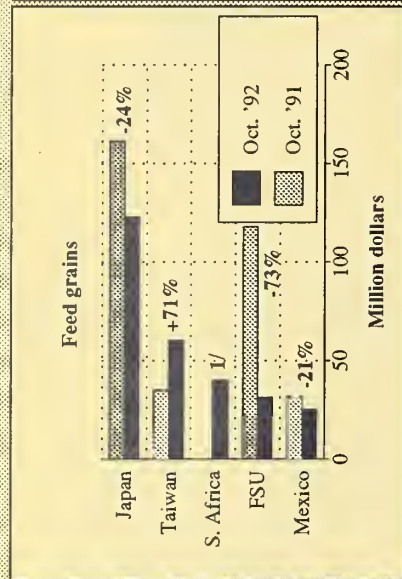
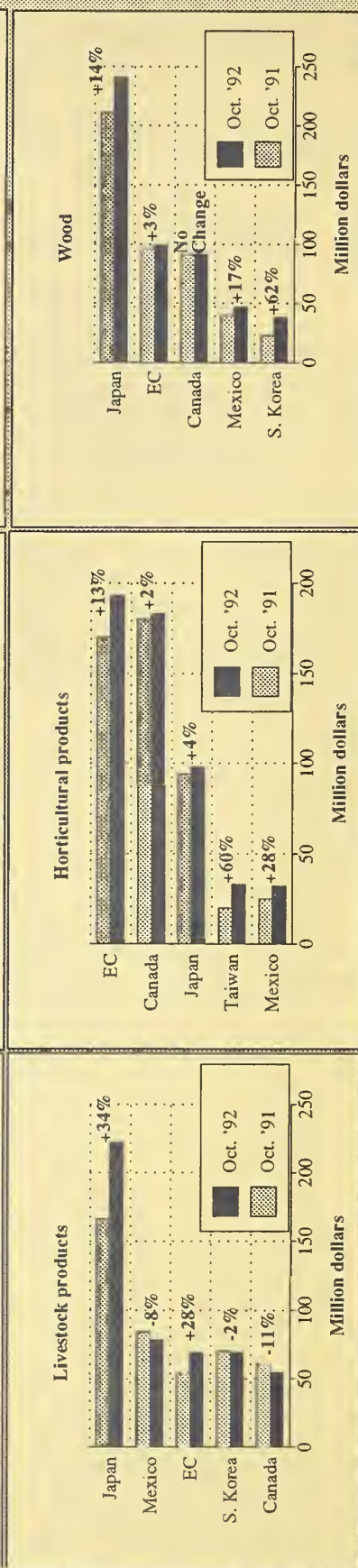
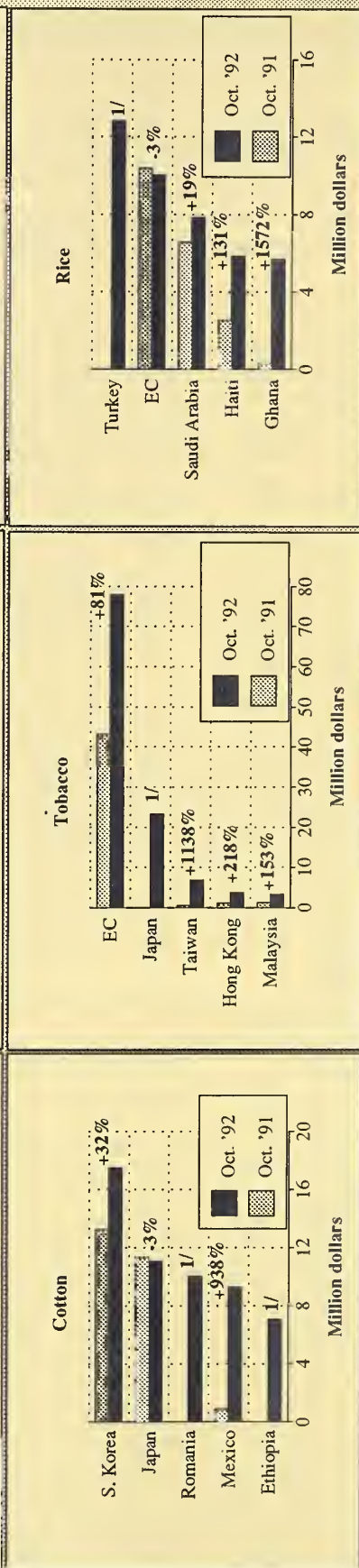
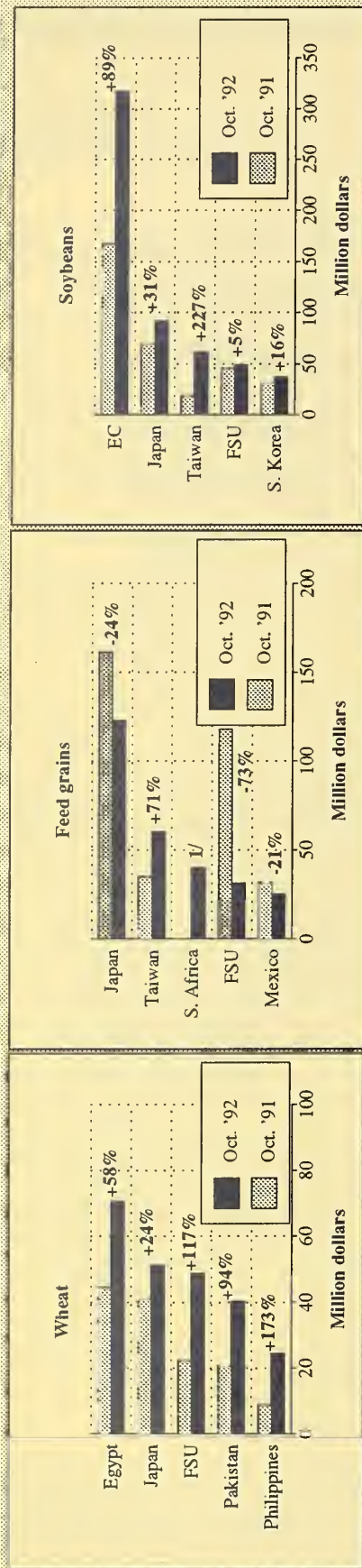
*Livestock and product* exports continued to post strong growth for October, rising \$65 million to \$573 million, 13 percent ahead of last year. Growth was most prominent in sales of beef and pork, tallow, and non-breeding horses. The Japanese market again led all others in sales growth, gaining \$56 million in October to \$222 million, while sales to the EC gained \$15 million to \$69 million. Most of the gain to Japan was in chilled beef and veal sales, which were boosted by the reduction in Japanese import duties.

Exports of *wood products* jumped 11 percent in October to \$601 million. Modest gains were widespread, led by Japan, up \$30 million, and Korea, which gained \$14 million. The only notable decline occurred in sales to Taiwan which was \$6 million lower than last October, at \$12 million.

*For more information, contact Thomas St. Clair at (202) 720-1294*



# Top Five Markets for Major U.S. Commodities October Comparisons



Note: Percentages are computed as the change from 1991 to 1992.  
1/ Negligible exports reported during comparable period last year.



# Country Spotlight: South Korea



With a population of 43 million and a limited resource base for agriculture, the Korean market holds considerable potential for U.S. suppliers. Korean self-sufficiency in most bulk agricultural products is very low. The country depends on imports to supply 80 to 95 percent of most bulk and intermediate agricultural products consumed in its domestic market and export-oriented industries. For consumer-oriented foods, the government maintains highly-restrictive trade barriers to protect domestic industries from imports. However, modifications are emerging. Since 1989, the government committed itself to a liberalization plan covering 283 products in response to both GATT Council recommendations and pressure from its major trading partners.

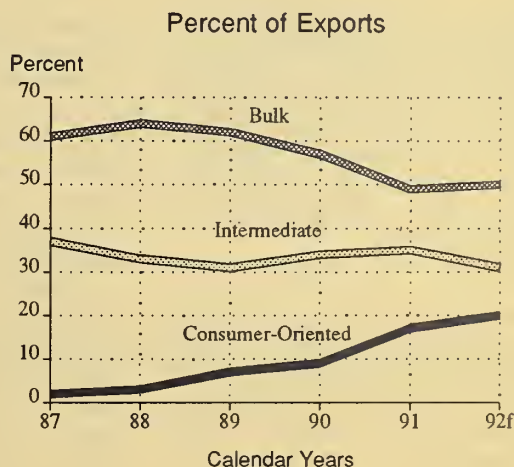
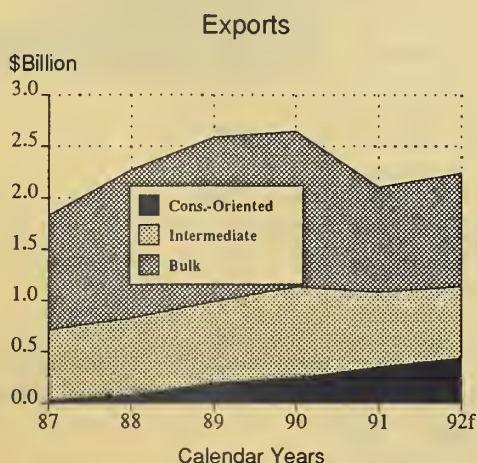
In recent years, the most important development in the Korean market is the rising opportunity for consumer food sales. For the most part, sales of U.S. bulk and intermediate products have remained flat due to increased foreign competition and the weaker performance of Korean export industries. On the other hand, the outlook for sales of consumer foods to Korea is much brighter. In value terms, consumer foods made up only two percent of all Korean agricultural imports as recently as 1987. Last year the figure rose to nearly 10 percent.

U.S. exporters are responding to this opportunity. In 1991, Korea was the fifth largest market for U.S. agricultural products. Rising from \$1.8 billion in 1987 to a record high \$2.6 billion in 1990, U.S. exports totaled \$2.1 billion in 1991 and are expected to reach \$2.2 billion this year. While the United States still mainly exports bulk and intermediate products like corn, wheat, soybeans, cotton and hides and skins, consumer food sales have climbed since 1987 and are expected to account for 20 percent of total exports this year.

What is driving this demand for imported consumer food items? First, incomes continue to grow which makes it increasingly possible for consumers to buy relatively expensive imported foods. Real per capita GDP rose from \$4,463 in 1987 to an estimated \$6,376 in 1992. Second, eating habits are rapidly changing. Koreans are increasingly substituting more animal protein for starches in their diet. Because Korean meat consumption is still considerably below levels in Japan and Taiwan, significant growth is anticipated. Consumers are also looking for more variety. They seek to complement their diets with imported snack foods, fruits and vegetables, and beverages which are often considered "luxury" items. With record workforce participation by women, convenience foods are now appearing on shopping lists. Sales figures for fast food restaurants are up since gaining considerable popularity among the young. International hotels also placing large orders for U.S. products.

Sales figures for all categories of U.S. consumer foods are up since 1987, and most have reached record highs

## Consumer Foods Account for Growing Share of U.S. Exports to South Korea



## ....South Korea

during the past three years. In 1991, the top earners for U.S. exporters were beef (\$177 million), processed fruits and vegetables (\$34 million), snack foods (\$25 million), juices (\$18 million), and tree nuts (\$17 million). With the exception of beef, double-digit increases of up to 30 percent are expected for all of these items in 1992. Turkey meat sales are expected to reach \$19 million in 1992, a 137-percent increase over the previous year.

The story on beef is exciting. Faced with lower domestic supplies and the threat of Section 301 trade sanctions, Korea finally reopened its borders to foreign suppliers in August 1988. Total imports immediately jumped from near zero to \$43 million in 1988, \$218 million in 1989, and have continued to grow by one-third each year. In its beef agreement, the Korean Government announced a global quota for total imports which in practice has expanded every year. U.S. exporters, who supply about one-third of all imports and the vast majority of grain-fed beef, have fared well under the new system. Australia and New Zealand supply mostly the lower-priced grass-fed beef. U.S. suppliers retain a competitive edge, in part, by their ability to fill large orders of specific cuts. With imports rising steadily, the U.S. Meat Export Federation promotional activities have focused on providing product information for importers and wholesalers. Promotional work is also carried out with the hotel industry, an important buyer of steak cuts. U.S. exports are not expected to grow in 1992, but export sales are expected to resume their growth of previous years in 1993.

U.S. exporters have achieved more success in the prepared and preserved fruit and vegetable market than the fresh market, because fresh products tend to be protected by outright bans and numerous phytosanitary and food safety regulations. U.S. suppliers report it is easier to sell canned rather than frozen products because Korean

distribution channels are still limited. A major exception is frozen french fries, used in the fast food and tourist hotel trade; sales tripled (\$1.7 to \$7.3 million) from 1989 to 1991 and are expected to exceed \$10 million in 1992. Canned tomato products and sweet corn have also done extremely well. As one Florida shipper put it, "Koreans love tomatoes in all forms--pastes, sauces and juice." Paste and sauce exports rose from \$400,000 in 1987 to \$3 million in 1991, and are expected to reach \$4.6 million in 1992. Sweet corn sales have done equally well, rising from \$55,000 in 1987 to \$2.2 million in 1991, with sales of \$3.1 million expected for 1992.

Fresh fruit export opportunities are currently greater than those for fresh vegetables. Korean authorities are allowing some citrus since there is little domestic production. Lemons and grapefruit are the major U.S. items, with 1991 sales at \$2.5 million each. In the processed fruit market, dried product sales are outstripping frozen and canned sales; this is mostly attributable to the success of raisins. Summing up the fruit and vegetable market, a spokesperson from S&W Fine Foods said, "This is a very price-sensitive market and we face a lot of competition from other Asian countries."

U.S. tree nut exports have climbed without pause and are expected to reach \$19 million in 1992. Almonds account for 90 percent of the trade, and are split 50/50 between products directly consumed as snack food and products used as ingredients in other foods. Blue Diamond, the major player in the market, ships raw product directly to Korea which is further processed into snack almonds with the Blue Diamond label. The most popular flavored almonds are "roasted and salted" and "smokehouse." Blue Diamond has also introduced new flavored combinations adapted from products it developed for the Japanese market. These include almonds mixed with dried fish and rice crackers and

almond nuggets (a salty, cracker-coated snack). The largest market for almonds used as ingredients in other foods is chocolates. The bulk market for fruit/nut mixes used in restaurants and at home also purchases whole and sliced almonds. A third market exists for almonds used in bakery goods and specifically Korean cookies. In a recent interview, a Blue Diamond marketing specialist noted a lot of growth remains in this market.

Sales of U.S. consumer foods are up despite continued efforts to rally the public against the purchase of foreign-made products, calls to protect the Korean farmer, and heavy import restrictions. With sales figures for bulk and intermediate products down or at best flat, consumer food sales show the greatest potential for growth. This market, however, will not realize its full potential until: tariffs (often as high as 50 percent) and special taxes are reduced; cumbersome clearance procedures which cause costly delays and uncertainty in the trade are ended; and outright prohibitions, restrictive import licensing schemes, and a host of unjustified food law requirements are eliminated.

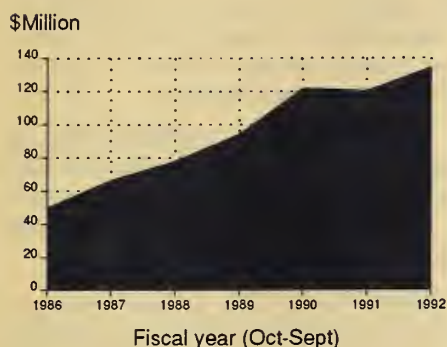
*For more information, contact Ernest Carter (202) 720-1294*



## Product Spotlight: Updates

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### Record U.S. Frozen French Fry Exports Posted in Fiscal 1992



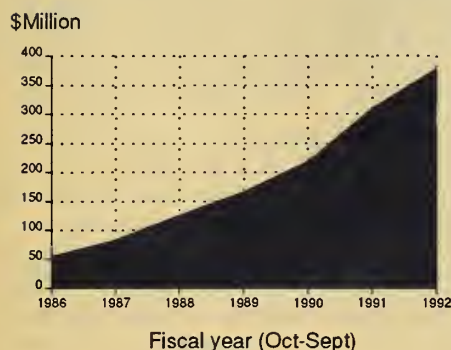
Boosted by continued growing demand for U.S. fast food, exports of U.S. frozen french fries reached a record \$134 million in fiscal 1992. Japan remained the top market, with sales growing by one-third to \$89 million. Other growth markets in 1992 included South Korea (with exports nearly doubling to \$11 million), Hong Kong (up 25 percent to \$7 million), Canada (up 19 percent to \$7 million), and Mexico (up nearly threefold to \$6 million).

U.S. exporters point to the global recession in fiscal 1992 as a major factor behind greater demand for fast food (the predominant outlet for U.S. french fries). This past year, consumers facing tight budgets increasingly chose fast food over white table cloth restaurants when eating out. The rising exports of U.S. french fries is also a continuation of a long-running trend toward greater acceptance of western-style foods (including potato products) in Asia.

With growing fast food demand and rapid expansion in number of outlets expected to continue, particularly in emerging markets such as South Korea, Mexico, and Malaysia, exports of U.S. french fries are projected to reach record levels through the mid-1990's.

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### U.S. Pet Food Exports Jump 22 Percent to Record \$379 Million



For the ninth straight year, global demand for U.S. pet food reached record levels in fiscal 1992, with sales particularly brisk in Canada, Japan, and the EC. The continued growth is mainly due to a highly developed U.S. pet food manufacturing and marketing sector that provides high-quality products at competitive prices. Spurred by a growing interest in premium products, U.S. pet food exports are expected to continue rising through the 1990's.

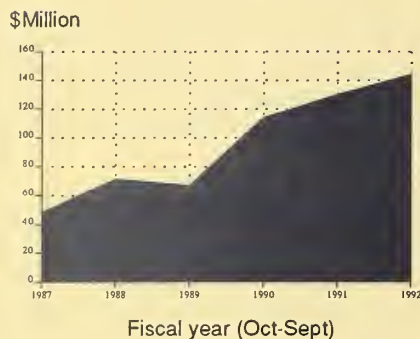
Sales to Canada reached a record \$145 million in fiscal 1992, up 19 percent from last year. Lower Canadian import tariffs since 1989 through the U.S.-Canadian Free Trade Agreement left the Canadian pet foods manufacturing sector more exposed to competition from the U.S. This resulted in the closing of one major Canadian pet food manufacturing plant and greater pet food imports from the U.S. Sales of premium pet foods to Canada,

particularly the Iam's products, are claiming a greater share of total U.S. exports, despite a deep recession. With a firm position in the premium market, U.S. exporters are confident about future growth. Unlike other pet foods, these products are marketed through veterinarians, requiring a substantial marketing budget to compete, which discourages entry.

Japanese demand for U.S. pet food also hit a record high in fiscal 1992, with exports reaching \$102 million. Also setting records in fiscal 1992 were sales to the EC (\$72 million, up 22 percent from fiscal 1991), Mexico (\$10 million, up 33 percent), and Taiwan (\$9 million, up 26 percent).



### Strong Strawberry Sales Boost U.S. Berry Exports to Record \$144 Million



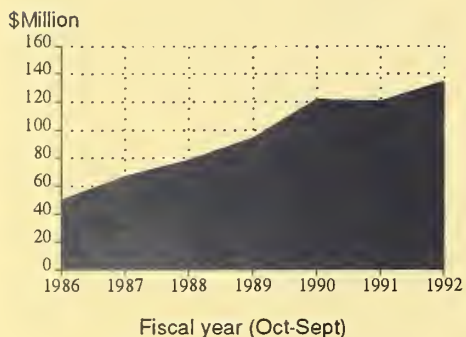
With record sales in each of the top 5 markets, U.S. berry exports rose 11 percent in fiscal 1992 to \$144 million. Led by a \$6.4 million increase or one third rise in shipments to the EC, record berry exports were also set in Canada, Japan, Australia and Mexico. Sales to Mexico doubled to \$1.4 million. These markets represent 97 percent of U.S. berry shipments.

Strawberries rising \$11.7 million or 13 percent - were the bulk of the increase in berry exports. The remainder was a \$2.5 million in blueberry exports. Both berry categories set a new record in 1992. Cranberry exports declined 14 percent to \$6.2 million. The decline is attributed to strong domestic demand for cranberry products and limited supply.

Major strawberry markets showing gains in fiscal 1992 include Japan and the United Kingdom, where U.S. exports set records of \$29.5 and \$7 million despite recession in both countries. Other strawberry markets with growing sales include Australia, France, and Mexico. Blueberries also set a new record reaching \$26.7 million in 1992. Canada led the gains, rising 27 percent

to a record \$15.6 million. Sales to Germany also reached a new record at \$5.3 million. With record berry sales in 1992, prospects remain bright for a possible \$250 million market by the late 1990's.

### Double-Digit Growth in U.S. Beer Exports Continues in Fiscal 1992



World demand for U.S. beer continued to grow in fiscal 1992, with exports reaching a record \$180 million. This represents a 13-percent gain from last year and a threefold rise from sales in fiscal 1988. Extensive marketing overseas by major U.S. breweries was a primary factor in the continued growing interest in U.S. beers this past year.

Japan continued as the top market with sales rising 23 percent to \$59 million. Shipments of Budweiser, which is viewed as a prestige product by many Japanese, accounted for most of the growth. Sales were also strong to the EC (particularly Great Britain), up 60 percent to \$16 million; Mexico, up 12 percent to \$10 million; Central America, more than doubling to \$8 million; and Argentina up from \$300 thousand to more than \$8 million. Canada and Hong Kong were the only major markets to register declining sales.



# Trade Policy Updates

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## **EC Commission Proposes Import Licensing System For Fruits and Vegetables**

On October 27, the EC Commission approved a proposal which would amend the basic fruit and vegetable marketing organization regulations to allow the Management Committee to introduce import licenses for various fruits and vegetables. A deposit payment would be required for products covered by import licenses. If adopted, the regulation would enter into force on Jan. 1, 1993. The U.S. government has delivered a demarche raising concerns about the potential trade restrictive effects of such a licensing system.

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## **EC Commission Proposes Common Organization For The Potato Market**

As part of the completion of the EC internal market by 1993, the EC Commission has proposed a Council regulation establishing a common organization for the potato market. The proposed regulation would provide aid to to producer organizations and introduce quantitative restrictions if imports seriously disturb the market. While the United States does not ship fresh potatoes (due to plant health concerns) exports of \$7.3 million could be affected.

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## **Spain agrees To Continue Bilateral Arrangement For U.S. Apple and Pear Imports**

Spanish officials verbally confirmed that Spain will continue the current bilateral arrangement permitting imports of U.S. apples and pears from Washington and Oregon until the new harmonized EC plant health regulation becomes effective in June 1993. Italy continues to ban deciduous fruits from North America without exception. However, once the new plant health regulation is implemented, U.S. deciduous fruits will be able to move freely throughout the Community. Unlike Spain, Italy does not intend to permit deciduous fruit imports until after the EC regulation takes effect.

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## **Oilseeds and Corn**

The EC has agreed to implement, beginning with the 1994 crop, a system that would limit direct payments to farmers if EC oilseed area exceeds a specified base area. In addition, the EC agreed to set up a 500,000 ton tariff rate quota for imports of corn into Portugal, beginning in the 1993/94 marketing year. The in-quota tariff rate will be bound at a level to ensure that the quota is filled.

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## **Corn Gluten Feed (CGF)**

In exchange for a limitation on screenings, the EC has agreed that steep water ingredients (e.g., yeast from ethanol manufacture) are proper constituents of CGF. The EC will release all outstanding bonds and levies and has agreed not to use microscopic testing pending conclusion of a collaborative study with the Corn Refiners Association (CRA) on the feasibility of microscopic analysis. CRA is also working with the Federal Grain Inspection Service to develop certification of CGF according to the specifications in the 1991 CGF Memorandum of Understanding.

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## **Malt Sprout Pellets**

The Community has agreed to refund all variable levies and bonds charged against pellet shipments and to an annual zero-duty tariff rate quota of 120,000 tons starting on Jan. 1, 1993.

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## **Sweden Decreases Import Levies**

In response to a 10 to 15 percent depreciation in the Swedish Krona, the Swedish Board of Agriculture decreased import levies on selected agricultural products, including meat, milk, and eggs, effective December 9. The Federation of Swedish Farmers (LRF) reacted very negatively to the move and stated that producers of agricultural products were not being allowed to take advantage of the more competitive position in domestic and world markets afforded by the drop in the Krona's value. The LRF also pointed out that Swedish agriculture would face increased costs for imported raw materials and machinery while not gaining the benefits of marketing more. The Swedish Board of Agriculture's decision may open marketing opportunities for U.S. exports, particularly non-hormone treated beef.



## ...Trade Policy Updates

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<b>Enlargement Agreement</b>	Commissioner Andriessen signed a letter to extend the Enlargement Agreement through 1993, which provides the U.S. with compensation for the loss of tariff concessions resulting from the accession of Spain into the EC.
<b>Poland Raises Turnover Tax On Imports</b>	Effective December 17, Poland's turnover tax on imports will rise by at least 6 percent, as compared to a 2-4 percent increase for local products. For food imports which are currently exempt, such as meat, the new turnover tax will amount to 6 percent. For products which are now taxed at 7 percent, such as butter and cheese, the turnover tax will increase to 15 percent. For selected horticultural products the turnover tax will rise to 40 percent. The turnover tax is calculated on the basis of the product value plus tariff. It is scheduled to be eliminated next July when the value added tax system goes into effect. The new discriminatory turnover tax will likely negate prospective Polish tariff concessions, and lead to a higher equivalent value-added tax.
<b>Corn Gluten Feed Cease-Fire Extended Through March 1993</b>	The cease-fire on corn gluten feed (CGF), which had suspended all EC customs actions on CGF imports until Oct. 31, 1992, has been officially extended through March 31, 1993. EC officials had informally promised in October to extend the cease-fire through December 1992. Extension through March 1993 will allow time for further legislation to implement the final resolution reached November 19 as part of the Blair House Agreement.
<b>EC Decreases Additional Levy On Frozen Turkey And Chicken Legs</b>	Effective December 11, the additional levy which the EC has been applying to imports of frozen turkeys was reduced from 30 ECU/100 Kg. (\$0.17/lb.) to 20 ECU/100 Kg. (\$0.11/lb.). This is a 13.3% reduction in the total levy on frozen turkeys. The additional levy on chicken legs was reduced from 60 ECU/100 Kg. (\$0.33/lb.) to 40 ECU/100 Kg. (\$0.22/lb.). This is a 17.2% reduction in the total levy on chicken legs. There is also an additional levy on dried egg yolks, which remained unchanged at 150 ECU/100 Kg (\$0.83/lb.), because of continued undercutting of the sluicagate price.



# Market Updates

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## **Mexico Buys French Wheat**

For the first time in 2 years, Mexico has purchased wheat from France. According to trade sources, for its December and January deliveries, the National de Arrena mill paid \$138 per ton C&F for 40,000 tons. At the time of the purchase U.S. wheat was being offered at \$160 a ton. Further imports will depend on price relationships. According to the Ag Counselor's office in Mexico City, more than 100,000 tons of wheat has been bought from the United States since the November purchase from France. Mexico is forecast to import 1.5 million tons of wheat in the crop year that ends in June 1993.

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## **Philippines Buys Australian Wheat**

The Philippines recently purchased 75,000 tons of Australian Standard Soft White Wheat, in addition to 17,000 tons imported earlier in 1992/93. This is the first marketing year since 1986/87 in which the Philippines imported significant quantities of wheat from Australia.

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## **Greece Relaxes Aflatoxin Policy For Imported Dried Fruits and Nuts**

The Agricultural Counselor in Greece reports that Greece has modified its aflatoxin policy, which had been disrupting legitimate trade in dried fruits and nuts and causing significant concern and confusion for importers and exporters. This action follows several months of efforts on the part of both the Agricultural Counselor and the trade to obtain a relaxation of the GOG policy. GOG officials are now randomly sampling containers of products as opposed to the previous trade-disrupting policy of testing 100 percent of the incoming shipments. In addition, earlier shipments of walnuts and prunes that were impounded because of allegedly high aflatoxin levels, have been released by Greek authorities. While questions remain over the GOG's aflatoxin testing procedures, the trade appears to have returned to normal. U.S. exports of walnuts and prunes to Greece totaled \$2.25 million in CY1991.

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## **Philippines Bans Imports of California Fruit**

On December 1, the Philippine Government's Bureau of Plant Industry issued a decree banning fruit imports from all areas of California from that date. In announcing its decision to cease issuing new import permits, the GOP cited a November 23 press release issued jointly by USDA and the California Department of Agriculture (CDFA). The USDA/CDFA statement cited concern about "the potential spread of Medfly to other areas of California and the United States during the Thanksgiving and Christmas holidays when residents travel to visit friends and relatives, often taking gifts of home grown fruit," and urged residents "to help stop the spread of Medfly by keeping home grown fruits and vegetables at home this year." In response to overtures by the U.S. Agricultural Counselor in Manila, the GOP indicated it will lift the ban once APHIS has provided certification that the Medfly infestations are isolated and do not endanger commercial shipments of fresh fruit to the Philippines. Oranges, grapes, and apples currently account for the bulk of U.S. exports of fresh fruit to the Philippines, with California accounting for a significant share of the total. Exports of these three commodities to the Philippines in CY 1991 were valued at \$9.7 million.

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## **Nigeria Extends Suspension of Wheat Import Ban Through June 30, 1993**

The Government of Nigeria extended the suspension of its wheat import ban from Dec. 31, 1992 to June 30, 1993. This extension is expected to further reduce retail prices by lengthening the planning horizon of millers and bakers, and preventing port logistical problems, which were likely to arise as millers rushed to beat the originally announced December 31 deadline. The Agricultural Attache in Lagos now estimates 1992/93 July/June wheat imports may reach 1 million tons. Approximately 300,000 tons already were purchased under EEP.



## ...Market Updates

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### **World Rapeseed Meal Usage To Decline Sharply In 1992/93**

Declines in rapeseed production in the EC, eastern Europe, Canada, and China, are expected to lead to a lower world crush and reduced consumption of rapeseed meal in 1992/93. This lower crush and successful marketing of rapeseed oil as a premium, healthful oil in several markets has also contributed to the sharp increases in soybean oil prices in the past 4 months. Total rapeseed crush is expected to decline 1.4 million tons from last year with the EC accounting for 60 percent of the shortfall. This has led to tight supplies of rapeseed meal, particularly in the EC, and consequently brightened opportunities for increased sales of soybeans and soybean meal to the EC from the United States. For the October-September 1991/92 period, sales of U.S. soybeans and soybean meal to the EC are up 35 and 60 percent respectively, over year earlier levels to 7.7 million tons of soybeans and 828,000 tons of soybean meal.

### **EC Commission Proposes Import Licensing For Fruits and Vegetables**

On October 27, the EC Commission approved a proposal allowing the Management Committee to introduce import licensing requirements for fruits and vegetables. The large EC apple crop and competition from Southern Hemisphere apple producers seem to be the immediate factors spurring the Commission to make the proposal. EC posts were instructed to deliver demarches to Member State and Commission officials expressing the USG's strong objections to the proposed licensing system. The demarche also lays down a marker against the possible introduction of import quotas by the EC. In 1988, the Community implemented an import quota for apples, which GATT Panels brought by the United States and Chile subsequently found to be in violation of Article XI:2(c)(1) on quantitative restrictions.

### **EC Proposes New Support Regime For Potatoes**

The EC Commission is expected to presently announce a proposal to establish a "common organization of the market for potatoes." The new regime would cover the full range of potato and potato products. The proposed regulation calls for close monitoring of imports from third countries and the imposition of an import licensing requirement if it is determined "the increase or risk of increase of imports .... justify such a requirement." The United States currently exports primarily processed potato products to the EC. Potato flakes, valued at \$6.1 million, was the major component of the CY 1991 export total.

### **Government of Nigeria Issues Licenses to Import Corn**

For the first time since the mid-1980s, the Government of Nigeria has issued import licenses for corn. So far, the government has issued licenses --valid indefinitely-- for 300,000 tons of corn. Already, 8,000 tons of U.S. corn have reached Lagos. The resumption of imports presumably was spurred by a poor 1992 crop, as well as the overall relaxation of import restrictions.

### **Canada Blocks Imports Of U.S. Milk**

Canadian cheese manufacturers, seeking to maintain export markets established during periods of milk oversupply, have been denied approval to import U.S. milk to compensate for an alleged shortage in domestic supplies. The manufacturers cited the recent suspension of export subsidies and reduced production quotas as factors contributing to declining milk supplies. The Canadian Ministry of External Affairs, which turned down the request, justified the action by noting that Canada is only an exporter of dairy products during periods of surplus. Furthermore, milk production in early November was increasing, raising the possibility that a surplus might soon arise.

### **Romania Requests Additional Credit For French Wheat**

The Government of Romania requested additional credit from the French Government for the purchase of soft wheat. Purchases under a 500,000 ton allocation granted in August were completed, bringing total Romanian imports of French wheat through COFACE credit to 1.5 million tons. Romanian wheat import needs climbed sharply in the last few years, and credit programs helped France dominate the market.

# U.S. Agricultural Exports by Major Commodity Group

## Monthly and Annual Performance Indicators

	October			Fiscal Year		
	1991	1992	Change	1992	1993(f)	Change
	-- Bil.\$ --	-- Bil.\$ --		-- Bil.\$ --	-- Bil.\$ --	
Grains & feeds 1/	1.166	1.309	12%	14.095	13.4	-5%
Wheat & Flour	0.376	0.479	27%	4.482	4.5	0%
Rice	0.063	0.070	12%	0.758	0.7	-8%
Feed grains 2/	0.465	0.419	-10%	5.659	5.2	-8%
Corn	0.390	0.354	-9%	4.593	4.2	-9%
Feeds & fodders	0.157	0.209	33%	2.077	2.1	1%
Oilseeds & products	0.522	0.857	64%	7.338	7.1	-3%
Soybeans	0.309	0.570	84%	4.311	4.1	-5%
Soybean meal	0.093	0.118	26%	1.334	1.1	-18%
Soybean oil	0.022	0.046	111%	0.356	0.4	12%
Other vegetable oils	0.020	0.041	106%	0.491	NA	NA
Livestock products	0.508	0.573	13%	5.973	6.2	4%
Red meats	0.239	0.283	19%	2.935	3.1	6%
Hides & Skins	0.105	0.109	3%	1.317	1.3	-1%
Poultry products	0.109	0.121	10%	1.195	1.3	9%
Poultry meat	0.083	0.088	6%	0.887	NA	NA
Dairy products	0.049	0.109	121%	0.733	0.6	-18%
Horticultural products	0.643	0.718	12%	6.844	7.2	5%
Unmanufactured tobacco	0.068	0.135	97%	1.568	1.6	2%
Cotton & linters	0.090	0.084	-7%	2.195	1.8	-18%
Planting seeds	0.057	0.063	11%	0.667	0.7	5%
Sugar & tropical products	0.177	0.188	6%	1.706	1.7	-0%
Forest Products 4/	0.515	0.550	7%	6.761	NA	NA
Total Ag. export value	3.391	4.157	23%	42.314	41.5	-2%
	-- MMT --			-- MMT --		
	Change			Change		
Grains & feeds 1/	8.697	9.402	8%	NA	NA	NA
Wheat	3.348	3.573	7%	34.289	33.5	-2%
Wheat flour	0.023	0.074	226%	0.808	0.9	11%
Rice	0.188	0.214	14%	2.281	2.3	1%
Feed grains 2/	4.168	4.188	0%	50.195	51.5	3%
Corn	3.471	3.533	2%	40.597	41.5	2%
Feeds & fodders	0.792	1.108	40%	11.711	11.8	1%
Oilseeds & products	2.011	3.611	80%	28.881	28.3	-2%
Soybeans	1.372	2.667	94%	19.247	19.3	0%
Soybean meal	0.431	0.564	31%	6.301	5.4	-14%
Soybean oil	0.045	0.077	72%	0.747	0.8	7%
Other vegetable oils	0.024	0.065	165%	0.782	NA	NA
Livestock products 3/	0.225	0.280	25%	2.770	NA	NA
Red meats	0.076	0.085	12%	0.870	1.0	15%
Poultry products 3/	0.074	0.089	21%	0.821	NA	NA
Poultry meat	0.070	0.085	22%	0.787	0.8	2%
Dairy products 3/	0.027	0.060	121%	0.399	NA	NA
Horticultural products 3/	0.520	0.558	7%	5.951	6.5	9%
Unmanufactured tobacco	0.011	0.023	118%	0.246	0.2	0%
Cotton & linters	0.058	0.062	6%	1.527	1.3	-15%
Planting seeds	0.059	0.049	-18%	0.705	NA	NA
Sugar & tropical products 3/	0.093	0.089	-5%	1.102	NA	NA
Total Ag. export volume 3/	11.78	14.22	21%	143.64	144.0	0%

1/ Includes pulses, corn gluten feed, and meal.

2/ Includes corn, oats, barley, rye, and sorghum.

3/ Includes only those items measured in metric tons.

4/ Wood products are not included in agricultural product value totals.

Note -- 1993 forecasts are taken from "Outlook for U.S. Agricultural Exports," Dec. 2, 1992.

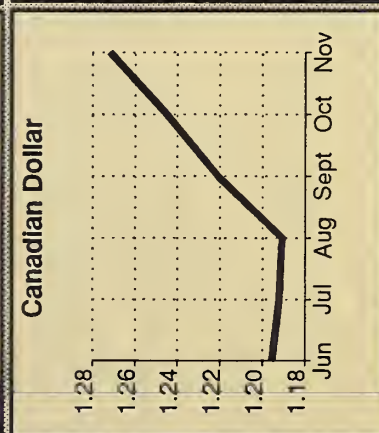
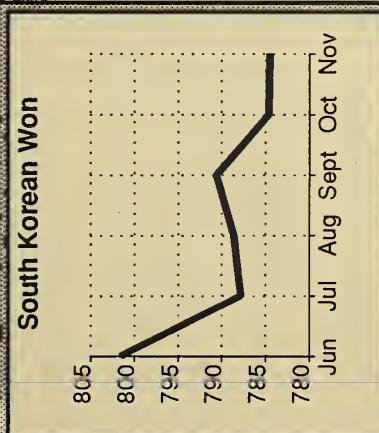
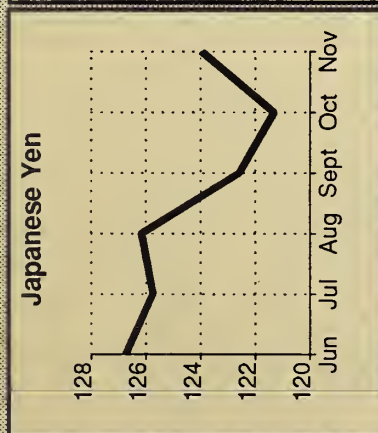


**U.S. Agricultural Export Value by Region**  
**Monthly and Annual Performance Indicators**

	October			Fiscal Year		
	1991	1992		1992	1993(f)	
	--Bil.\$--		Change	--Bil.\$--		Change
Western Europe	0.678	0.989	46%	7.726	7.9	2%
European Community	0.623	0.927	49%	7.183	7.4	3%
Other Western Europe	0.055	0.063	15%	0.543	0.5	-8%
Eastern Europe	0.006	0.052	697%	0.221	0.3	36%
Former Soviet Union	0.209	0.181	-13%	2.640	2.1	-20%
Asia	1.234	1.420	15%	15.989	15.3	-4%
Japan	0.654	0.721	10%	8.364	8.1	-3%
China	0.048	0.004	-92%	0.690	0.4	-42%
Other East Asia	0.365	0.464	27%	4.929	5.0	1%
Taiwan	0.113	0.201	78%	1.913	1.9	-1%
South Korea	0.174	0.169	-3%	2.200	2.3	5%
Hong Kong	0.077	0.093	21%	0.816	0.8	-2%
Other Asia	0.167	0.231	38%	2.005	1.8	-10%
Pakistan	0.021	0.042	100%	0.226	0.1	-56%
Philippines	0.032	0.054	69%	0.442	0.4	-10%
Middle East	0.132	0.184	39%	1.717	1.8	5%
Israel	0.020	0.046	127%	0.342	0.3	-12%
Saudi Arabia	0.056	0.056	1%	0.506	0.5	-1%
Africa	0.169	0.269	59%	2.201	2.3	4%
North Africa	0.125	0.146	17%	1.312	1.5	14%
Egypt	0.068	0.085	25%	0.709	0.6	-15%
Algeria	0.037	0.035	-6%	0.382	0.5	31%
Sub Saharan Africa	0.045	0.123	177%	0.889	0.8	-10%
Latin America	0.451	0.565	25%	6.384	6.7	5%
Mexico	0.232	0.274	18%	3.653	4.1	12%
Other Latin America	0.218	0.291	33%	2.731	2.6	-5%
Brazil	0.018	0.010	-46%	0.143	0.1	-30%
Venezuela	0.024	0.052	114%	0.393	0.4	2%
Canada	0.417	0.419	0%	4.804	4.7	-2%
Oceania	0.055	0.035	-36%	0.424	0.4	-6%
World Total	3.391	4.157	23%	42.314	41.5	-2%

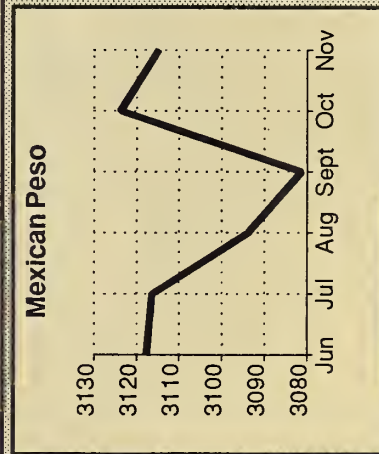
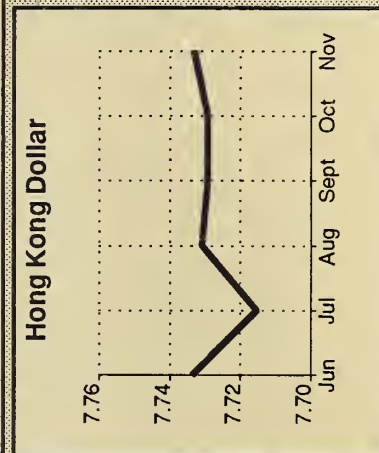
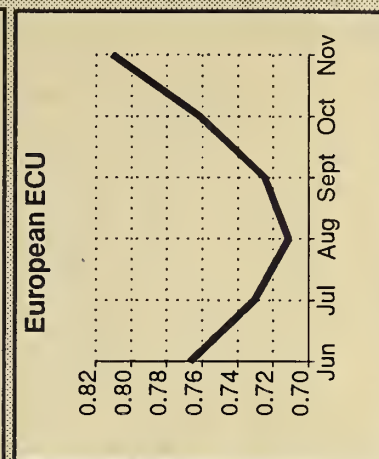


# Exchange Rate Movements Of Major World Currencies Vis-a-Vis U.S. Dollar -- Daily Spot Quotations & Monthly Averages



Currencies	Current Rate 12/15/92	Month Ago 11/16/92	Year Ago 12/91	%Change Year Ago 12/91
Argentine Peso 1\	.99	.99	.99	-0.06
Australian Dollar	1.4507	1.4531	1.2954	11.99
Brazilian Cruzeiro	1063.00	8606.00	909.38	16.89
Canadian Dollar	1.2773	1.2710	1.1442	11.63
Hong Kong Dollar	7.7400	7.7323	7.7738	-0.43
Japanese Yen	124.00	124.78	128.69	-3.64
Mexican Peso	3114.00	3115.00	3075.00	1.27
Taiwan Dollar	25.21	25.17	25.49	-1.10
South Korean Won	791.00	782.40	756.85	4.51
European ECU	.79936	.80978	.76283	4.79
-British Pound	.6376	.6560	.5493	16.08
-French Franc	5.3560	5.3715	5.3955	-0.73
-West German Mark	1.5680	1.5939	1.5555	0.80

1\ The Argentine Austral was recently converted to the Peso at a rate of 10,000 to 1.  
NOTE: Exchange rates are daily spot quotes as of 3:00 PM Eastern Time, December 15, 1992.  
Source: TEID/TTP/FAS Exchange Rate Database and Wall Street Journal.





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